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RUCNDT/USMISSION USUN NEW YORK 4665

UNCLAS SECTION 01 OF 11 TOKYO 002772

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E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAO](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

SUBJECT: JAPANESE MORNING PRESS HIGHLIGHTS 06/20/07

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- 6) Upper House elections set for July 29 due to 12-day extension of current Diet session
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- 11) Small party wants ex-Peruvian president Fujimori as an Upper House candidate
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(2) Pneumoconiosis lawsuit: Government must correct its mistake

Yomiuri:

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(2) International community must fight terrorism to bring stability to Afghanistan

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(2) Basic Space Law: Debate for effective use of space urged

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(1) Full picture of unidentified pension premium records fiasco remains unclear

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Akahata:

2007 economic guidelines: Consideration to business circles will deepen vicious circle

3) Prime Minister's Official Residence (Kantei)

Prime Minister's schedule, June 19

June 20, 2006

08:02

Met with Deputy Chief Cabinet Secretary Suzuki.

08:30

Attended a meeting of the Urban Revitalization Headquarters in the Diet building. Then attended a cabinet meeting. Foreign Minister Aso, MLIT Minister Fuyushiba and MEXT Minister Ibuki remained.

10:00

Upper House Education, Culture, and Science Committee.

12:28

Arrived at the Kantei.

13:15

Upper House Education, Culture, and Science Committee.

18:10

Meeting of the Council on Economic and Fiscal Policy at the Kantei.

18:24

Arrived at the official residence.

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19:32

Special cabinet meeting at the Kantei. Foreign Minister Aso remained. Then met with Deputy Chief Cabinet Secretary Matoba.

20:01 Returned to the official residence.

4) Visiting US Assistant Secretary of State Hill says next round of six-party talks "will be held in mid-July" with "resolution" of BDA issue

ASAHI (Page 4) (Full)  
June 20, 2007/06/20

US Assistant Secretary of State Christopher Hill, chief negotiator in the six-party talks, yesterday arrived in Tokyo and when asked about North Korea's frozen funds at Banco Delta Asia (BDA) in Macao, he confirmed that the money was sent to a Russian bank, noting, "As far as I know, the money has been sent to North Korea's bank account." He stated that the BDA issue has been generally resolved. He was replying to reporters at Haneda Airport.

Earlier in the day in Seoul, where he was visiting ahead of Japan, Hill spoke of the question of the provision of energy to North Korea and expressed hopes that Japan would play an active part to facilitate the denuclearization of North Korea, saying, "I hope to see Japan join the provision.

Late yesterday, Hill met with his Japanese counterpart in the six-party talks, Kenichiro Sasae, director-general of the Asian and Oceanian Affairs Bureau of the Foreign Ministry and regarding the BDA issue, he told Sasae: "It has been in principle resolved." Both officials agreed on the need for both Japan and the United States to work in close cooperation to resolve the pending issues between Japan and North Korea, including the abductions of Japanese citizens by North Korea. After the meeting, Hill, when asked about when the next round of the six-party talks will be held, made this comment: "I hope the next meeting will take place by mid-July."

5) "Nanking Massacre was a fabrication," a parliamentary panel of lawmakers says

SANKEI (Page 5) (Abridged)  
June 20, 2007

The Council to Consider the Future of Japan and History Education (chaired by former Education Minister Nariaki Nakayama), a parliamentary group of like-minded lawmakers of the ruling Liberal Democratic Party, yesterday held a press briefing in Tokyo, in which it unveiled the results of a fact-finding survey of the Nanking (TN:

Nanjing) Incident and indicated a plan to seek in the months ahead to remove groundless descriptions, photos, and other materials displayed at the anti-Japanese war memorial museum in China.

The council had also analyzed newspaper articles issued at the time of the capture of Nanjing since this past February and listened to views of informed individuals about those articles. The facts the council found through the survey include that: (1) there was no description of a massacre found in domestic and foreign press articles; and (2) a Chinese government representative stated before the League of Nations in 1938 that "20,000 people were killed and thousands of people were injured in violence in Nanjing," but this

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speech was not included in a resolution denouncing Japan.

The council has concluded that the Nanking Massacre was a fabrication and nothing more than political propaganda. The council intends to seek to remove inappropriate descriptions and anti-Japanese photos coming from unnamed sources displayed at anti-Japanese war memorial museums in China. Also, it intends to point out errors in facts in films dealing with the Nanking Incident.

On the question of how many people were killed in the capture of Nanjing, the council refrained from mentioning the number by noting: "At the time, the Asahi Shimbun and the Mainichi Shimbun were major press companies that sent the largest numbers of reporters to Nanjing, but they did not determine the number of victims. Given this, it's impossible for lawmakers to mention the number."

6) Upper House election likely to be held on July 29

MAINICHI (Page 1) (Excerpts)  
June 20, 2007

The government and ruling coalition decided yesterday to extend the current Diet session, which will end on June 23, for 12 days until July 5. If the session is extended for 12 days, based on the Public Office Election Law the official campaign for the House of Councillors election will start on July 12 and the polls will take place on July 29, a week later than the initially expected July 22. The ruling Liberal Democratic Party (LDP) and its coalition partner, New Komeito will make a formal decision on the extension within one or two days and their secretaries general will propose it to Speaker of the House of Representatives Yohei Kono. The speaker will then put the extension proposal to a vote at a Lower House plenary session by June 22. The standoff will inevitably intensify between the ruling bloc and opposition camp, which has criticized the ruling coalition for using a strong-arm approach in steering the Diet.

Prime Minister Shinzo Abe is determined that the 12-day extension of the ongoing session is necessary to play up his government's effort for reforms for the upcoming Upper House election by enacting such key bills as one amending the National Civil Service Law. Although an extension of five or less days does not affect the original schedule of holding the Upper House race on July 22, thinking that the five days are not insufficient for deliberations on important bills, the ruling side, including the LDP Upper House caucus, agreed on the 12-day extension.

LDP Upper House Caucus Secretary General Toranosuke Katayama stated in a press conference yesterday: "We must prioritize the enactment of the bills even though the extension will affect the voting day." He indicated in his remarks that the extension of the session for 12 days is absolutely necessary.

7) Battle between ruling and opposition camps intensifies due to ruling bloc's decision to extend Diet session for 12 days

MAINICHI (Page 5) (Excerpts)  
June 20, 2007

The government and the ruling parties decided to extend the current Diet session for 12 days, delaying the Upper House election to July 29. All opposition parties furiously reacted to the step, calling it

partisan politics. The decision to delay the election for one week has sparked mixed reactions in the ruling bloc, with some hopeful to see a weakened public outcry over the pension debacle and some others anticipating fiercer criticism of the Abe administration. The ruling camp's arm-twisting approach to priority bills has inflamed the opposition camp's antagonistic stance in the Diet in its closing stage.

Minshuto (Democratic Party of Japan) Secretary General Yukio Hatoyama in a press conference yesterday criticized the ruling bloc, saying: "I can sense the ruling camp's intention to divert public attention from the pension debacle. It's an act that derides the public." Japanese Communist Party Head of the Secretariat Tadayoshi Ichida also criticized the ruling bloc's decision, describing it as an attempt to enlarge the sumo ring as it is about to be pushed out. Social Democratic Party head Mizuho Fukushima referred to it as a quintessentially self-centered action.

The row between the ruling and opposition blocs intensified yesterday. The ruling parties rammed the bill amending the Iraq Special Measures Law and three education reform bills through the Upper House Foreign Affairs and Defense Committee and the Education, Culture and Science Committee. In reaction, the ruling bloc plans to submit to an Upper House plenary session today a resolution removing the two chairs from the posts.

8) Ruling bloc forcibly takes vote on three education reform bills; Opposition camp to file no-confidence motion against Lower House speaker

TOKYO SHIMBUN (Page 2) (Abridged slightly)  
June 20, 2007

With the ongoing Diet session scheduled to close on June 23, the confrontation between the ruling and opposition camps intensified in both chambers of the Diet yesterday. The ruling coalition bulldozed three education reform bills and a bill amending the Iraq Special Measures Law through the Upper House Education, Culture and Science and the Foreign Affairs and Defense Committees. In a Lower House plenary session, the ruling bloc also adopted a motion barring Minshuto (Democratic Party of Japan) lawmaker Akira Uchiyama from attending a Diet session for 30 days. The opposition camp put up do-or-die resistance, with three parties -- Minshuto, the Social Democratic Party, and the People's New Party -- submitting a no-confidence motion against Lower House Speaker Yohei Kono.

The Lower House plenary session that was scheduled to vote on the penalty motion against Uchiyama began shortly after 5:00 p.m., four hours behind schedule, due to the opposition camp's stiff resistance. The motion was adopted by a majority vote backed by the Liberal Democratic Party and the New Komeito. The Minshuto, SDP, PNP lawmakers walked out of the session before a vote is taken, and the Japanese Communist Party members voted against the motion.

In reaction, Minshuto, the SDP and PNP submitted a no-confidence motion against Lower House Speaker Kono saying, "The huge coalition allows no questions in running the Diet. The punishment against Mr. Uchiyama is extremely irresponsible." The no-confidence motion against Kono is scheduled to be put to a vote today.

The Education, Culture and Science and the Foreign Affairs and Defense Committees also conducted Deliberations, but when members

finished asking questions, Yasu Kano and Tadashi Taura declared an end to the question-and-answer session. The bills cleared the session despite resistance from opposition members. The ruling bloc intends to enact them in an Upper House plenary session today.

In reaction to the bills' passage, Minshuto decided to submit to an Upper House plenary session today a resolution removing Kano and Taura from the respective committees.

The opposition camp is becoming increasingly antagonistic toward the ruling bloc, as seen in the fact that it walked out of an Upper House Health, Labor and Welfare Committee session and rejected asking questions at an Upper House Cabinet Committee meeting.

9) Ruling camp ready to pass three education bills today

MAINICHI (Top Play) (Excerpts)  
June 20, 2007

Three education-related bills were adopted by a majority from the Liberal Democratic Party and the New Komeito in a meeting of the House of Councillors Education and Science Committee last night. In the session, opposition parties approached the chairperson's desk and offered strong objections. The government and the ruling parties intend to enact the bills, to which Prime Minister Shinzo Abe is giving top priority in the current Diet session, in an Upper House plenary session today. Both the ruling parties submitted a 22-item supplementary resolution, including a measure to boost the education budget. The council adopted the resolution, but rejected four bills, including a counterproposal by the Democratic Party of Japan (Minshuto).

The bills adopted yesterday are those revising the School Education Law, the Local Education Administrative Law, and the Teacher's License Law. The prime minister said in a question-and-answer session: "In an era of increasing economic globalization, it is necessary for people to become healthy and strong enough to survive global competition. It might be a part of education to bring up persons to have competitiveness, strength, and beautiful mind."

The revised School Education Law defines "patriotism" as "a mind that loves the nation and homeland," regarding cultivating such a mind as one purpose of compulsory education. The law also proposes establishing in schools new posts such as vice principal. The revised Local Education Administrative Law will create the government's authority to give instructions or correction orders to education boards, reviving the correction-order right, which was abolished in 1999. New provisions will also be established to allow education boards to give advice or aid to private schools by prefectural governors.

10) Bill revising the North Korea Human Rights Law clears Lower House

YOMIURI (Page 4) (Full)  
June 20, 2007

An amendment to the North Korea Human Rights Law aimed at restricting the government from providing any new economic assistance to North Korea unless the issue of abductions of Japanese citizens by North Korea makes progress was approved by a majority from the governing Liberal Democratic Party, the major opposition

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Democratic Party of Japan (Minshuto), and the junior governing coalition partner New Komeito in the Lower House plenary session yesterday. The bill was sent to the Upper House.

11) People's New Party asks Fujimori to run for the Upper House election

YOMIURI (Page 4) (Full)  
June 20, 2007/06/20

The People's New Party (PNP) is considering fielding former Peruvian President Fujimori (68) in the upcoming Upper House election, sources revealed yesterday. PNP Acting Representative Shizuka Kamei's secretary visited Fujimori, who has been under house arrest in Chile and asked him to run for the election. Whether Fujimori will run for proportional representation or in a Tokyo constituency is being discussed in the party. Reportedly, Fujimori refrained from giving a prompt answer. Fujimori has Peruvian nationality as well as Japanese nationality. Under the Public Office Election Law, he is qualified to run for a national election in Japan.

12) LDP's Machimura, Tsushima, Koga: If Upper House election held now, LDP will lose seats

ASAHI (Page 4) (Full)  
June 20, 2007

Former Foreign Minister Nobutaka Machimura, former Health and Welfare Minister Yuji Tsushima, and former Liberal Democratic Party Secretary General Makoto Koga got together yesterday in a Japanese

SIPDIS  
restaurant in Tokyo. The three senior LDP members shared the perception on the July Upper House election that if the election takes place now, the LDP will lose seats. They confirmed that the need for all the party to be represented in fighting in the Upper House race.

13) Suzuki and Sato criticize Foreign Ministry at party celebrating publication of their book five years after their arrest

MAINICHI (Page 5) (Abridged slightly)  
June 20, 2007

A talk show was held in Tokyo yesterday to celebrate the publication of a book titled, Looking Back: Where Did We Go Wrong? (Hansei: Watashitachi wa naze shippai shita no ka?) coauthored by House of Representatives lawmaker Muneo Suzuki, who also heads the New Party Daichi, and former Foreign Affairs Ministry Intelligence and Analysis Bureau chief analyst Masaru Sato, who is on leave. Suzuki and Sato were arrested five years ago in 2002 on suspicion of accepting bribes and other charges, and breach of trust, respectively. Sato is still appealing. At the party, Suzuki said, "I knew too much about the Foreign Ministry, and that's why the ministry suddenly reversed its position." Sato highlighted the need for the ministry officials to get rid of the mistaken elitist mentality.

14) Iraq law clears Diet panel

SANKEI (Page 5) (Full)  
June 20, 2007

A bill to revise the Iraq Special Measures Law for extending the

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Self-Defense Forces' activities in Iraq for two years passed the House of Councillors Committee on Foreign Affairs and Defense yesterday with a majority of votes from the ruling coalition. The bill is expected to clear the House of Councillors in its plenary setting today. However, there are critical voices from within the ruling Liberal Democratic Party about stipulating the SDF's overseas activities in a special measures law and renewing the government's masterplan almost every year to continue SDF activities overseas. "The SDF is being used as a political tool," one LDP lawmaker complained. Another has noted that the SDF cannot respond to situations at once. It will likely be a political challenge after this summer's election for the House of Councillors to create a permanent law that will make it possible for Japan to send the SDF overseas as needed.

The Air Self-Defense Force has sent three C-130 transport planes and continues its airlift support for the Iraq-based multinational forces and the United Nations. The government will make a cabinet decision in July to adopt a masterplan that extends the ASDF's mission in Iraq for another year.

Meanwhile, the Antiterror Special Measures Law, under which Japan has sent a Maritime Self-Defense Force squadron to the Indian Ocean, will also expire in November this year. A bill to revise this special measures law will also be before the Diet during its extraordinary session to be called this fall. The LDP, in its manifesto for the upcoming House of Councillors election, will advocate establishing a permanent law for SDF activities overseas.

15) DPJ's Mashiko rebuts Kyuma

TOKYO (Page 2) (Full)  
June 20, 2007

The Ground Self-Defense Force's Intelligence Security Corps was recently found to have collected information about groups and individuals opposed to Japan's dispatch of the Self-Defense Forces to Iraq. In this connection, Teruhiko Mashiko, a member of the leading opposition Democratic Party of Japan (Minshuto), was referred to as a person conducting "anti-SDF activities." On this issue, Mashiko and Defense Minister Fumio Kyuma faced off in a meeting yesterday of the House of Councillors Committee on Foreign Affairs and Defense.

Mashiko opposed the SDF's Iraq dispatch in a January 2004 meeting of SDF veterans. This was described in the GSDF's in-house document as "anti-SDF." Taking up this fact, Mashiko bitterly criticized the GSDF's information-gathering activities. "I'm worried that civilian control may not work and we may be back in the prewar situation."

Kyuma stated before the committee: "They classified remarks into two categories, such as 'pro-SDF' and 'anti-SDF' remarks. That's the same as in the Cold War days, and it was habitual. We'd like to study how to classify them." This was all Kyuma could say, indicating he would think twice about using such categories.

16) Whole nation subject to monitoring: Kyuma

MAINICHI (Page 5) (Abridged)  
June 20, 2007

Defense Minister Fumio Kyuma, sitting in yesterday on the House of

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Councillors Foreign Affairs and Defense Committee, defended the Ground Self-Defense Force's Intelligence Security Corps over its collecting of information about civic groups and other targets opposed to the activities of the Self-Defense Forces in Iraq. "When it comes to the Self-Defense Forces' activities, organizations, and security, we can't say it's illegal to check every group," Kyuma stated before the committee. "Even lawmakers could be equally subject to information gathering as well as all other people of the country," Kyuma added. With this, Kyuma indicated that the whole nation could be monitored.

Kyuma was replying to questions asked by Shinkun Haku and Teruhiko Mashiko from the leading opposition Democratic Party of Japan (Minshuto).

Kyuma avoided referring to the authenticity of GSDF documents disclosed by the Japanese Communist Party over the GSDF Intelligence Security Corps' information-gathering activities. However, the defense chief stressed the legitimacy of such activities, saying, "We can't conclude it's wrong to collect information." Meanwhile, the documents classify collected information into categories like "anti-SDF." In this respect, Kyuma stated: "They have been doing things like in the East-West Cold War days. In a sense, that's like a habit. It's wrong to say 'anti-SDF' (in classifying subjects), so I've told officials to study how to classify."

17) Boeing to ink tie-up agreement with Mitsubishi Heavy Industries to help promote Japan's first passenger jet

NIIKKEI (Page 1) (Excerpts)  
June 20, 2007

Takuji Kokushida, Paris

Mitsubishi Heavy Industries inked a partnership agreement with the Boeing Company of the United States to promote Japan's first passenger jet. Mitsubishi aims to commercialize the jet in 2012. Boeing is expected to cooperate in marketing and maintenance. To initiate the project worth 300-400 billion yen, it is necessary to secure enough orders from foreign airlines first. By winning cooperation from Boeing, Japan's first passenger jet business has taken a step forward.



Mitsubishi Heavy Industries Chairman Takashi Nishioka and Scott Carson, Chief Executive Officer (CEO) of Boeing's commercial airplane unit, signed the agreement during the International Paris Air Show. In an interview with the Nikkei, Carson said: "Both sides will establish a working-level panel and quickly work out details."

Mitsubishi plans to commercialize a 70-90 seat small jet. Since Boeing manufactures larger aircraft with at least 100 seats, the American company has judged that "there is leeway for the company to extend cooperation because they play on different markets," according to Carson. Boeing has no intention of investing in the Mitsubishi project for now. The companies will focus on business cooperation in such areas as marketing.

The development cost is estimated at 120 billion yen, of which about 40 billion yen will be subsidized by the Ministry of Economy, Trade and Industry. The remaining 80 billion yen will be shouldered by a company to be established by Mitsubishi Heavy Industries, trading companies, and banks. Mitsubishi will launch a global marketing

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campaign this fall. Looking at the order situation by next spring, the company will determine the feasibility of the project.

18) "Boneless" big-boned economic guidelines with focus on upcoming Upper House election adopted: Covers wide range of items but puts on hold spending cuts

TOKYO SHIMBUN (Page 3) (Excerpts)  
June 20, 2007

The Abe cabinet adopted its first Basic Policy Guidelines on Economic and Fiscal Management. A major feature of the economic guidelines is that they contain a wide range of items, such as a growth strategy, administrative and fiscal reforms, the environment and education. Probably with the upcoming Upper House election in mind, the government has given consideration to local districts. It has also put off many reform items that are painful to voters, including the consumption tax and spending reform. The economic policy thus turned out to be "boneless" without a solid approach to structural reforms.

#### Showcase

State Minister for Economic and Fiscal Policy Hiroko Ota has characterized a Growth Power Boosting Program included in Chapter 2 as a feature of the economic guidelines adopted this time.

The program set a target of raising the growth rate of labor productivity by 50 % ., to 2.4 % ., from 1.6 % ., , the average rate of the past 10 years, over the next five years. To achieve that end, it proposed raising growth potential to boost the nation's basic economic potential through assistance to job seekers and more efficient services using information technology (IT).

However, most proposals have already been promoted by government agencies. For instance, a proposal for raising the minimum wage, a measure to correct income disparities proposed with the Upper House election in mind, lacks any specific measures. The report has no description of effects resulting from the realization of such a policy.

#### Consumption tax hike put off

One senior member of the Liberal Democratic Party (LDP) Land and Transport Department during a meeting of the party's Policy Research Council on June 5 said with a look of satisfaction, "A 3 % ., cut in public works was not included in the guidelines thanks to the Policy Research Council chairman."

The economic guidelines issued last year incorporated a 1 % ., -3 % ., cut in public works over the next five years starting fiscal 2007. Following this proposal, a 3.5 % ., cut was realized in the fiscal 2007 budget.

Private-sector members of the Council on Economic and Fiscal Policy (CEFP) proposed a 3 % ., cut over the next five years starting in fiscal 2008, as well. They called for incorporating a 3 % ., cut at a CEFP meeting on May 8, pointing out that improper profits made through bid-rigging account for about 20 % ., .

Land, Infrastructure and Transport Minister Tetsuzo Fuyushiba rebutted, "Something really bad would happen if more public works

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were cut." The discussion thus ended without agreement.

One senior Cabinet Office official revealed, "We met fiercer resistance to a proposal for cutting expenditures than we had expected due to the upcoming election." In the end, a 3 % ., cut in public works was not included in the report. Prime Minister Abe during a CEFP meeting held late last month simply read out a paper containing an abstract policy: "There is no change at all in our policy of eliminating fiscal waste."

Proposals that will lead to an increase in the public burden have also been put on the back burner. Regarding social-security-related expenditures, such as medical and nursing-case expenses, last year's economic guidelines adopted a 1.1 trillion yen cut in national expenditures. Ota tried to draw up a reform road map based on that policy. However, the plan was aborted due to opposition from the Ministry of Health, Labor and Welfare. As a result, the report simply mentioned that a way to achieve the economic guideline for fiscal 2006 within fiscal 2007 will be indicated.

Medical treatment fees are to be revised at the end of this year, a practice that takes place every two years. However, in the guidelines, the Abe administration did not touch on this issue, giving consideration to the Japan Medical Association, a large bloc of votes for the LDP. A hike in the consumption tax has been put off until after the Upper House election, with the report noting that full-fledged discussion on reform of the tax system will be pursued from this fall.

SCHIEFFER